

2024

**ECONOMICS**

(Honours Core Course)

ECON-HCC-4026

**(Intermediate Macroeconomics – II)**

**Total Marks : 60**

**Time : 3 Hours**

*Total number of printed pages - 3*

*The figures in the margin indicate full marks for the questions*

1. Choose the correct answers from the following : 1×7=7
- (a) Harrod and Domar model co-insides when –
- (i) Accelerator coefficient = (Productivity of capital)<sup>-1</sup>
  - (ii) Accelerator coefficient = 1/(Productivity of capital)<sup>-1</sup>
  - (iii) Accelerator coefficient = (Productivity of capital)<sup>-1</sup>
  - (iv) Productivity of capital = 1/rate of investment
- (b) Given that the saving function is  $S = -8 + 0.77Y$  Find out the "mpc"
- (i) 0.77      (ii) 8      (iii) 0.33      (iv) None of the above
- (c) The "Redicalist" school of view are related to –
- (i) Classical view of income and employment.
  - (ii) Supply side macroeconomics.
  - (iii) Rational expectation theory.
  - (iv) The operation of fiscal policy.

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(d) According to Keynesian view –

- (i) Wages are rigid
- (ii) Wages are flexible
- (iii) Wages are determined in the free market
- (iv) Both (i) and (iii)

(e) Golden age model was developed by –

- (i) Duesenberry
- (ii) Joan Robinson
- (iii) Friedman
- (iv) Gunnar Myrdal.

(f) According to Friedman, a person's consumption depends on –

- (i) The individual's total present income.
- (ii) Permanent and transitory consumption.
- (iii) Flow of income throughout the life of the individual.
- (iv) The basic needs of the individual.

(g) Crowding out results from –

- (i) Expansionary monetary policy
- (ii) High deficit spending of government on private sector
- (iii) Low spending of government on the public sector
- (iv) Surplus government budgeting.

2. Answer the following questions :

2×4=8

- (a) Define Open Market Operation
- (b) What is Laffer curve?
- (c) Define the Keynesian consumption function.
- (d) Mention two key assumptions of neo-classical growth model.



3. Answer any three of the following : 3×5=15

- (a) Briefly discuss the factors influencing residential investment.
- (b) How Cash Reserve Ratio (CRR) is used to control credit in an economy?
- (c) Explain the flexible wage theory of classical school.
- (d) Briefly discuss the growth of an economy taking the view of endogenous economic thinkers.
- (e) What is transaction demand for money? Briefly discuss the Baumol's approach towards transaction demand for money.

4. Answer the following (Any three) : 10×3=30

- (a) Explain Harrod's  $g = g_w = g_n$ .
- (b) An individual's consumption decision depends upon its permanent value of wealth. Justify the statement.
- (c) Explain the different types of fiscal policies.
- (d) Explain the Fisher's theory of optimal inter-temporal choice.
- (e) Explain on what ground the new classical economics criticized the Keynesian view? How the Keynesians countered?

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